

**STATEMENT OF
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THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON HEALTH
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
ELIGIBILITY AND AVAILABILITY FOR PHARMACEUTICAL SERVICES
PROVIDED BY THE DEPARTMENT OF VETERANS AFFAIRS (VA)**

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Mr. Chairman and Members of the Subcommittee:

The American Legion welcomes the opportunity to submit testimony on this important issue. In fiscal year 2001, VA's expenditures for pharmaceuticals increased by approximately 20 percent. Under current law, to use the VA pharmacy, veterans must first be enrolled and receiving care at a VA medical facility. As VA's enrolled patient population continues to reach record-high levels and its actual user rate grows proportionately, heightened demands for timely access to health care adversely impacts on pharmaceutical services. In fiscal year 1999, VA filled nearly 11 million prescriptions (30-day supply). By fiscal year 2001, that rose to about 26 million prescriptions.

Many factors are attracting veterans to enroll in VA to meet their health care needs:

- Failure of many health maintenance organizations and preferred providers organizations;
- Dramatic increases in cost of private health care premiums;
- No affordable Medicare prescription plan;
- Dependency on costly maintenance medications;
- VA's improved delivery of quality of care;
- VA's medical and prosthetics research;
- VA's renowned specialized services, to include long-term care; and
- VA's reputation for patient safety.

Clearly, millions of first-time users of the VA health care system are now voting with their feet and enrolling in the benefit created by a grateful nation "... *to care for him who shall have borne the battle.*" This dramatic change presents bittersweet ramifications. Many steadfast rules that governed a 20th Century hospital-based system are evolving slowly as VA transforms into a modern, cost-efficient, integrated health care delivery system.

Today's discussion will focus on suggested alternatives to specifically address VA's current pharmaceutical practices and policies. The American Legion believes that VA's pharmacies are very much a vital part of its integrated, holistic approach to medical care. The VA pharmacy

was established to support the nation's largest health care delivery system and was never intended to become simply a local corner drug store.

Some concern must be expressed about the overall cost of filling a larger percentage of prescriptions. With an anticipated 39 percent increase in enrollees VA projects over the next several years and a projected increase in actual utilization by a traditionally older and sicker population, additional funding and pharmaceutical personnel will certainly be needed to meet the projected pharmacy demands suggested by the bills.

A GAO report from December 2000 estimated VA could save over \$1 billion if the requirements (examinations, visits, tests) that have been put in place and must be met to allow the rewriting of an outside physician prescription by VA physicians were eliminated. They also estimated that reducing this workload might alleviate some of the delays and restrictions to access to health care. Concerns raised in the past have questioned the quality and safety aspects of filling private prescriptions without examinations or testing of the veteran by VA.

Major questions must be asked while evaluating possible changes to the current pharmaceutical policies and practices:

- What impact would any suggested change have on patient safety?
- What safeguards are in place to incorporate a comprehensive inspection of drug-drug interactions, drug-allergy interactions, and duplicate drug class orders?
- What fiscal impact, positive or negative, will there be on the medical care budget?
- What is the role of the VA pharmacy?
- What safeguards are in place to deter potential fraud, waste, and abuse?
- What requirements or criteria will be placed on participating private practitioners?

H.R. 709, Veterans Prescription Access Improvement Act

Section 2 of this Act would give VA pharmacies the authority to dispense medications to veterans on prescriptions written by private practitioners.

The American Legion is concerned about the funding of this program. The VA system is already overly taxed in their pharmacy services, given that 900,000 veterans currently use VA for prescription medication. Without enactment of this measure, VA projects an increase of 207 percent in their outpatient pharmacy expenditures, from \$3.2 billion in FY 2002 to \$9.95 billion in FY 2012. This increase is caused by many factors to include an increase in utilization, medical inflation, and new drug therapies.

The intent of H.R. 709 is to expedite the dispensing of drugs and medications through the VA pharmacy. The mission of the VA health care system is to provide timely access to quality health care – simply filling prescriptions somehow does not seem to mesh with the concept of an integrated health care system. No public or private health care delivery plan allows beneficiaries to purchase access to just their prescription benefit, especially by merely paying just the co-payments.

VA is not an a la carte health care delivery systems – just pick and choose the health care services desired. Should VA just allow veterans to access labs for tests or x-rays ordered by private practitioners?

H.R. 372

This bill directs the Secretary of Veterans Affairs to provide a pilot program to assess the benefits of providing its pharmacies to fill prescriptions for drugs and medicines written by private physicians.

The pilot program will take place over a two-year time frame in what is now Veterans Integrated Service Network (VISN) 1. After that time, the Secretary must submit a report to Congress, within 180 days addressing: VA's assessment of the benefits to veterans of the pilot program; VA's assessment of the effect of the pilot program on the VA, including the effects on delivery of health care to veterans; any other findings and conclusions with respect to the pilot program; and any recommendations for continuation of the pilot or for extension of the pilot program to other VISNs or all VISNs.

This legislation is a variation of H.R. 709 and The American Legion expresses the same reservations.

H.R. 240, Veterans Prescription Drug Equity Act

This bill would amend title 38, United States Code, to require VA pharmacies to dispense medications to veterans for prescriptions written by private health care practitioners if the veteran, after having made an appointment to see a VA physician to get a prescription, waits longer than 30 days.

The backlog of veterans waiting to see a VA physician is greater than 200,000. Many veterans wait months and even years to receive care through VA. Veterans are waiting because VA has not been provided adequate funding to handle the enormous influx of veterans who are turning to VA for health care. The increase in enrollees has taxed their already overworked and under funded system.

This legislation is yet another version of H.R. 709 and The American Legion expresses the same reservations.

Draft legislation, the Veterans Prescription Drug Benefits Act of 2003

This proposed legislation would offer Medicare-eligible veterans to the ability fill non-VA physicians prescriptions in VA medical care facilities.

Section 2 of this bill directs the establishment of a prescription drug benefit program for Priority Group 1 veterans and Medicare-eligible veterans who choose to enroll in the program. There are several caveats to enrolling (however, some of them do not apply to Priority Group 1):

- If a Medicare-eligible veteran chooses to enroll into the drug benefit specific program, the veteran has to disenroll from the VA health care system.
- An annual enrollment period of two months, conducted at the end of each fiscal year. During that period, a Medicare-eligible veteran, who is not a Priority Group 1 veteran, may enroll.
- The veteran will be assessed an annual premium for drugs and medicines.
- The veteran will pay a co-payment established by the Secretary. These co-payment amounts may vary.
- All co-payments and annual fees, with the exception of those collected for Priority Group 1 veterans, will go to the Medicare Trust Fund.

Section 2 (f) directs the Secretary of Health and Human Services (HHS) to transfer to the Secretary of VA, the amounts it cost VA for drugs, medicines, processing, filling and dispensing the prescription, and overhead costs such as labor, equipment, space and utilities. These amounts received by HHS will be deposited into the Medical Care Collection Fund (MCCF).

Section 2 (g) covers liability issues as they pertain to VA health care professionals and filling outside prescriptions written by non-VA doctors.

Section 2 (h) directs the Secretary to develop and maintain a database of enrolled veterans and also of those who have applied for enrollment. Additionally, it calls for the implementation of a computerized patient profile system that will help to identify known drug interactions; contraindicated drugs; available “best value” treatment alternatives; and patient safety issues.

Section 2 (i) mandates an annual report to Congress that will include, among other things, the tracking of participants, cost analysis and tracking of transferred amounts from HHS to VA.

Theoretically, this is a new benefit program for Medicare-eligible veterans that want to use only the VA’s pharmaceutical services. However, The American Legion has some concerns:

- How will this program impact on Medicare-eligible veterans in Priority Groups 2-8 with service-connected medical conditions? Must they disenroll to access the VA pharmacy through this program?
- What happens if HHS funds transfer fails to cover the actual cost of the program? What process will be used to fully fund the program? Will this be scored as third-party reimbursements, an offset against annual discretionary appropriations? Why must VA collect the enrollment fees and co-payments, transfer these collections to HHS, then HHS transfer funds back to VA?
- Will VA be staffed with qualified pharmaceutical personnel to meet increased pharmaceutical demands?

Summary

The cost of pharmaceuticals is clearly a national debate throughout the health care industry, to include the nation's largest health care delivery system. For many veterans currently enrolled in the VA health care system, having access to an affordable pharmacy system is among the major factors in their health care planning. Service-connected disabled veterans, catastrophically ill veterans, and economically indigent veterans depend on the integrated health care system as their primary health support system.

If the Secretary of Veterans Affairs and his professional staff believed that changing the current pharmaceutical practices and policies would increase timely access to care, improve quality of care, or maximize management efficiencies, surely one of these proposals would have appeared in the President's budget request. However, each of VA's pharmaceutical-based legislative initiatives were focused on addressing the health care needs of their "core constituency – veterans with service-connected disabilities, those with lower incomes, and veterans with special health care needs."

None of these proposals appear to address The American Legion's fundamental concerns. The VA health care system is a comprehensive program that addresses the total range of veterans' health needs. While The American Legion understands the proposed legislation attempts to solve a current demand on the system, each fails to address the overall problem of delivery and demand for services from a growing patient population.

The American Legion looks forward to working with the Subcommittee to ensure America's veterans are provided an effective and efficient pharmacy benefit through VA.

This concludes my testimony.